



U.S. Department of Justice

Office of Justice Programs

*Bureau of Justice Assistance*

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Washington, D.C. 20531

September 26, 2011

RE: Federal Enforcement of Requirements Regarding Businesses Engaged in Salvage and Total Loss Automobile Commerce

Dear Business Owner:

Reporting information on junk and salvage vehicles to the National Motor Vehicle Title Information System (NMVTIS)—supported by the U.S. Department of Justice (DOJ)—is required by federal law, and by doing so you play an integral role in DOJ's efforts to prevent fraud, reduce theft, and potentially save the lives of consumers who might otherwise unknowingly purchase unsafe vehicles. As of today, over 32 million salvage or total loss records have been reported. Although the number of reports is encouraging, DOJ continues to be informed that some entities are not reporting because, as it has been explained, they claim to be uncertain of the NMVTIS requirements or they do not believe the requirements will be enforced. For these reasons, DOJ is pursuing additional outreach to ensure that all reporting entities are notified of the reporting requirements, methods for reporting, DOJ enforcement efforts, and penalties for non-reporting, including substantial civil penalties.

#### **NMVTIS Reporting Entity<sup>1</sup>**

An NMVTIS Reporting Entity includes any individual or entity that meets the federal definition, found in the NMVTIS regulations at 28 C.F.R. § 25.52, for a “junk yard” or “salvage yard.” The regulations are available at <http://edocket.access.gpo.gov/2009/pdf/E9-1835.pdf>. According to those regulations, a junk yard is defined as “an individual or entity engaged in the business of acquiring or owning junk automobiles for— 1) Resale in their entirety or as spare parts; or 2) Rebuilding, restoration, or crushing.” The regulations define a salvage yard as “an individual or entity engaged in the business of acquiring or owning salvage automobiles for— 1) Resale in their entirety or as spare parts; or 2) Rebuilding, restoration, or crushing.” These definitions include vehicle remarketers and vehicle recyclers, including scrap vehicle shredders and scrap metal processors as well as “pull- or pick-apart yards,” salvage pools, salvage auctions, and other types of auctions handling salvage or junk vehicles (including vehicles declared by any insurance company to be a “total loss” regardless of any damage assessment). Businesses that operate on behalf of these entities or individual domestic or international salvage vehicle buyers, sometimes known as “brokers” may also meet these regulatory definitions of salvage and junk yards. **It is important to note that industries not specifically listed in the junk yard or salvage yard definition may still meet one of the definitions and, therefore, be subject to the NMVTIS reporting requirements.** An individual or entity meeting the junk yard or salvage yard definition is subject to the NMVTIS reporting requirements if that individual or entity handles 5 or more junk or salvage motor vehicles per year and is engaged in the business of acquiring or owning a junk automobile or a salvage automobile for—“1) Resale in their entirety or as spare parts; or 2) Rebuilding, restoration, or crushing.” Reporting entities can determine whether a vehicle is junk or salvage by referring to the definitions provided in the NMVTIS regulations at 28 C.F.R. § 25.52. An NMVTIS Reporting Entity is required to report specific information to NMVTIS within one month of receiving such a vehicle, and failure to report may result in assessment of a civil penalty of \$1,000 per violation.

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<sup>1</sup> An “NMVTIS Reporting Entity” includes any entity that meets the NMVTIS definition for junk yard or salvage yard. An “NMVTIS Reporting Entity” is required to report specific information to NMVTIS and failure to report may result in assessment of a civil penalty.

## NMVTIS Reporting Requirements

By no later than March 31, 2009, all auto recyclers, junk yards, and salvage yards were required to fully comply with NMVTIS as established by the Anti Car Theft Act of 1992 (Public Law 102-519), the Anti-Car Theft Improvements Act of 1996 (Public Law 104-152), and its implementing regulations (28 C.F.R. part 25). These regulations were published in the *Federal Register* in January 2009 and are available via [www.vehiclehistory.gov](http://www.vehiclehistory.gov). While these regulations are the most authoritative source of NMVTIS reporting requirement information, other explanatory information is also available on this web site, including frequently asked questions and a contact e-mail address for further questions ([nmvtis@usdoj.gov](mailto:nmvtis@usdoj.gov)). DOJ has communicated regularly about NMVTIS and its reporting requirements through many of the insurance, auto dealer, recycler, and salvage industry associations.

In summary, the regulations require all junk yards and salvage yards (as defined above) handling five or more junk or salvage motor vehicles per year to provide NMVTIS with the following information on each junk or salvage automobile obtained in whole or in part in the prior month:

1. The name, address, and contact information for the reporting entity.
2. Vehicle Identification Number (VIN).
3. The date the automobile was obtained by the reporting entity.
4. The name of the individual or entity from whom the automobile was obtained.
5. A statement of whether the automobile was crushed or disposed of, for sale or other purposes, to whom it was provided or transferred, and if the vehicle is intended for export out of the United States.

It is important to note that state motor vehicle titling agencies have separate reporting requirements under the NMVTIS regulations than do other reporting entities. Although junk yards and salvage yards are not required to report to NMVTIS if they already report ALL the required NMVTIS information (listed above) to their state **AND** their state provides the required information to NMVTIS on their behalf as required, **no state is currently reporting to NMVTIS all of the data required. Thus, junk yards and salvage yards must report junk and salvage automobile data to NMVTIS until and unless the state they are located in begins reporting to NMVTIS the required information.** Reporting is required of junk yards and salvage yards in every state and the District of Columbia without regard for their state's reporting compliance status.

## Methods for Reporting the Required Information to NMVTIS

DOJ and the NMVTIS operator, the American Association of Motor Vehicle Administrators (AAMVA), partnered with the private sector to provide multiple reporting methods to meet the business needs of reporting entities. Currently, there are four reporting methods or services available, offering individual VIN and batch reporting options. Three service providers offer a **no-cost** per-transaction program. More detailed information on these reporting options can be found at: [www.vehiclehistory.gov/nmvtis\\_auto.html](http://www.vehiclehistory.gov/nmvtis_auto.html).

## NMVTIS Enforcement

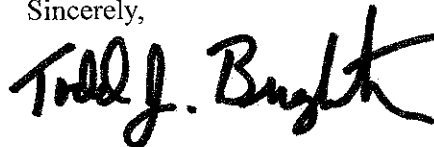
The NMVTIS statute includes an enforcement provision requiring DOJ to impose and collect penalties for those junk yards, salvage yards, and insurance entities that fail to meet their reporting obligations pursuant to the Anti Car Theft Act as amended. NMVTIS enforcement efforts will focus on reporting since April 2009 as well as current and future reporting. To date, non-reporting notices have been sent to businesses in 30 states and these efforts resulted in approximately 100,000 additional vehicles being reported to NMVTIS.

Failure to report to NMVTIS as required may result in assessment of a civil penalty of \$1,000 **per violation**. Accordingly, for example, a failure to report 100 junk or salvage automobiles could result in a civil penalty of up to \$100,000. NMVTIS Reporting Entities are responsible for ensuring all required information has been reported to NMVTIS accurately and within the timelines required. The accuracy of the data reported to NMVTIS is essential to the intent and purpose of the System. Law enforcement agencies, state titling agencies, and consumers rely on the accuracy of NMVTIS data. An incorrect report may significantly diminish the resale value of an automobile, subjecting the reporting entity to legal liability and NMVTIS enforcement measures. **Entities that acquire junk automobiles and salvage automobiles, in addition to other automobiles, are strongly encouraged to use caution and take all necessary measures to ensure that ONLY automobiles meeting the NMVTIS definition of junk automobiles or salvage automobiles are reported to the System.** DOJ is not obligated to perform a site visit or provide additional time to provide data or correct reporting deficiencies before imposing any penalty. If you wish to notify DOJ of an entity that is not currently reporting to NMVTIS, please e-mail [nmvtis@usdoj.gov](mailto:nmvtis@usdoj.gov) and include "Non-reporting Referral" in the subject line of the message. To date, BJA has over 100 active referrals in 23 states.

Additional information regarding the NMVTIS reporting requirements, policy clarifications, frequently asked questions, and a public database to check reporting status of a junk yard, salvage yard, or insurance entity can be found on the NMVTIS web site: [www.vehiclehistory.gov](http://www.vehiclehistory.gov). If you have questions or require clarification of the reporting requirements, you may e-mail us at [nmvtis@usdoj.gov](mailto:nmvtis@usdoj.gov) and include "Reporting Requirement Question" in the subject line of the message. On October 24, 2011, DOJ and AAMVA will host an educational event regarding the NMVTIS reporting requirements. Additional details regarding this event will be forthcoming on the NMVTIS web site: [www.vehiclehistory.gov](http://www.vehiclehistory.gov).

Thank you for meeting the reporting requirements required by law and for helping to prevent crime in your community.

Sincerely,



Todd J. Brighton  
NMVTIS Enforcement Coordinator